

# PSJ3

## Exhibit 29

***J&J Pharmaceuticals Group***

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**Pain and Inflammation Franchise Plan**

**Presentation Slides Only**

May 2000

## ***PAIN AND INFLAMMATION FRANCHISE - Introduction***

### **Team**

#### **Pain and Inflammation Franchise Team**

**PGSM:**

- **Cynthia Schwalm**
- Leo Van Ginckel
- Veronique Cardon

**JRF:**

- **Juergen Haeussler**
- **Theo Meert**
- **Ira Katz**

**Janssen US:**

- Jim Eckhardt
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- Werner Cermak

**PRI:**

- **Robert Medve**
- **Ellen Codd**
- **Dennis Argentieri**

**PRI Medical Information:**

- Adrian Love
- Li Tao

**OMP:**

- Lou Ferrari
- Ron Kuntz
- Marc Kamin

**L&A:**

- **Donald Olsen**
- **Eric Lang**

***Names in bold represent core team members***

**PAIN AND INFLAMMATION FRANCHISE - Introduction****P - SM****Pain and Inflammation Franchise Portfolio Lifecycle\***

| Development  |  | Launch  | Growth   | Maturity  | Decline  |
|--|--|---|--|---|--|
| <ul style="list-style-type: none"> <li>• <b>Topamax (topiramate)</b> for painful diabetic neuropathy (Phase III)</li> <li>• <b>Remicade</b> for early Rheumatoid Arthritis (Ph. III - ex-U.S.)</li> <li>• <b>Durogesic Matrix</b> (Ph. I) (1Q03)</li> <li>• <b>Tramadol with Topiramate</b> for neuropathy pain (Pre-clin/Phase I)</li> <li>• <b>P38 Inhibitors</b> (POP)</li> <li>• <b>Human Anti-TNF</b> (POP)</li> <li>• <b>NO-NSAID</b> (POP)</li> <li>• <b>Histamine 3 Antagonists</b> (POP)</li> <li>• <b>Na<sup>+</sup> Channel Blockers</b></li> <li>• <b>Delta opioid agonist/antagonists</b></li> <li>• <b>Calcium Channel Blockers, &amp; Triptase Inhibitors</b> for Asthma</li> </ul> |  | <ul style="list-style-type: none"> <li>• <b>Ultracet (Tramadol/ APAP)</b> for acute and chronic pain (Phase IV / NDA filed) (3Q00)</li> <li>• <b>Ultram SR (Tramadol SR)</b> for chronic pain (Phase IV) (1Q01)</li> <li>• <b>Ultracet Liquid (Tramadol / APAP)</b> for pediatric and geriatric use (1Q03)</li> <li>• <b>Remicade</b> for Rheumatoid Arthritis (U.S. only)</li> <li>• <b>Durogesic (fentanyl transdermal system)</b> in Japan (2Q/3Q01)</li> <li>• <b>Durogesic 12.5 mcg</b> (3Q01 EU/3Q02 US)</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Ultram (tramadol hydrochloride)</b> for moderate to moderately severe pain <ul style="list-style-type: none"> <li>– 1999 Sales: <b>\$455 MM</b></li> <li>– 21% Growth</li> </ul> </li> <li>• <b>Durogesic (fentanyl transdermal system)</b> for chronic pain and cancer pain <ul style="list-style-type: none"> <li>– 1999 Sales: <b>\$516 MM</b></li> <li>– 43% Growth</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Base Products</b> <ul style="list-style-type: none"> <li>– 1999 sales: <b>\$220 MM</b></li> <li>– flat growth</li> </ul> </li> <li>• <b>Tolectin</b> <ul style="list-style-type: none"> <li>– 1999 sales: <b>\$2.3 MM</b></li> <li>– -3% Growth</li> </ul> </li> <li>• <b>Tylenol with Codeine</b> <ul style="list-style-type: none"> <li>– 1999 sales: <b>\$18.7 MM</b></li> <li>– -5% Growth</li> </ul> </li> <li>• <b>Tylox (oxycodone and acetaminophen)</b> <ul style="list-style-type: none"> <li>– 1999 sales: <b>\$10.2 MM</b></li> <li>– -3% Growth</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Anesthesia (except Japan)</b></li> </ul> |
| <b>Key Marketed Products: Patent Expiration Dates</b> <ul style="list-style-type: none"> <li>• <b>Ultram - 3Q00</b></li> <li>• <b>Durogesic - 1Q05 US / 3Q05 EU</b></li> </ul>   |  |   |  |   |  |

\*Dates in parentheses are expected launch dates; Sources: J&amp;J Marketing Services, Sergeant data

***PAIN AND INFLAMMATION FRANCHISE - Franchise Scope and Focus Areas*****P - SM****Overall Definition**

- The Franchise currently focuses on technologies to treat pain and inflammation associated with chronic and acute conditions for a widely distributed customer base in the US and EU, and will be expanding its global reach to Japan in the short-term

**Franchise Scope****Type of Products**

- Key marketed products: Durogesic, Ultram, **Remicade (RA)**
- Line extensions: Ultracet liquid, Ultram SR, Durogesic 12.5, Durogesic Matrix
- Key pipeline products: Ultracet, **Topiramate for painful diabetic neuropathy, Remicade for early RA**

**Disease Segments or Treatments**

- Arthritis (O.A., R.A) - Inflammatory
- Cancer Pain – Nociceptive / Visceral
- Fibromyalgia - Musculoskeletal
- Low Back Pain (chronic) - Musculoskeletal
- Neuropathy Pain - Neuropathic
- Postoperative Pain (acute) - Nociceptive

**Customers**

- Broad customer base: primary care and specialty physicians treating the general population, the geriatric population, cancer / diabetic patients, ER / injury / trauma patients, hospital / surgical patients, and the pediatric population

**Technology**

- Key technology platforms include genomics, specialized animal models, in-vitro assay expertise, monoclonal antibodies.
- Noramco is major opioid bulk active producer

**Competencies and Capabilities**

- 6 Discovery teams in pain and inflammation, and Development for DMARDs
- Experienced U.S. and EU sales and marketing for analgesia and inflammation
- Strong cross functional and inter-company team with broad expertise

**Leveragability**

- Products may be leveragable across the following franchises: Centocor, Neurology, Psychiatry, Oncology, and Eprex / Procrit
- R&D synergies exist with Neurology, Psychiatry, and Centocor

**Rationale and Value Added**

- The Pain & Inflammation Franchise leverages its depth of R&D expertise in analgesia/inflammation and breadth of sales and marketing resources globally to meet the needs of a widely distributed customer base

## ***PAIN AND INFLAMMATION FRANCHISE - Franchise Scope and Focus Areas*** **P - SM/RD**

After reviewing 37 disease areas, the team prioritized 6 for in-depth evaluation

### Potential Disease Segments/Conditions [37]

#### **Inflammatory**

- Osteoarthritis
- Rheumatoid Arthritis
- Ankylosing Spondylitis
- Juvenile Arthritis
- Gout
- Pulmonary Inflammatory Disorders
- Dermatological Inflammatory Conditions

#### **Musculoskeletal**

- Low Back Pain
- Disc & Vertebral Disorders
- Degenerative Bone Disorders
- Joint Pain
- TMJ
- Fractures & Dislocations
- Sprains / Strains / Spasms
- Fibromyalgia (non-neuropathic)

#### **Nociceptive**

- Postoperative Pain (anesthesia)
- Labor Pain
- Nociceptive Cancer Pain
- Burn Pain & Inflammation
- Dental Pain

#### **Neuropathic**

- Peripheral Neuropathy
- Complex Regional Pain Syndrome
- Neuritis
- Trigeminal Neuralgia
- Herpes Zoster
- Psychogenic Pain
- HIV / AIDS Pain

#### **Headache**

- Migraine
- Other Headaches

#### **Visceral**

- Calculus of Ureter / Kidney
- Prostatitis
- Premenstrual Syndrome
- Dysmenorrhea
- Endometriosis
- Ulcer Pain
- Inflammatory Bowel Disease
- Visceral Cancer Pain

### **Screening Criteria**

Unmet Needs

Prevalence

Days of Rx Treatment

Internal Feasibility

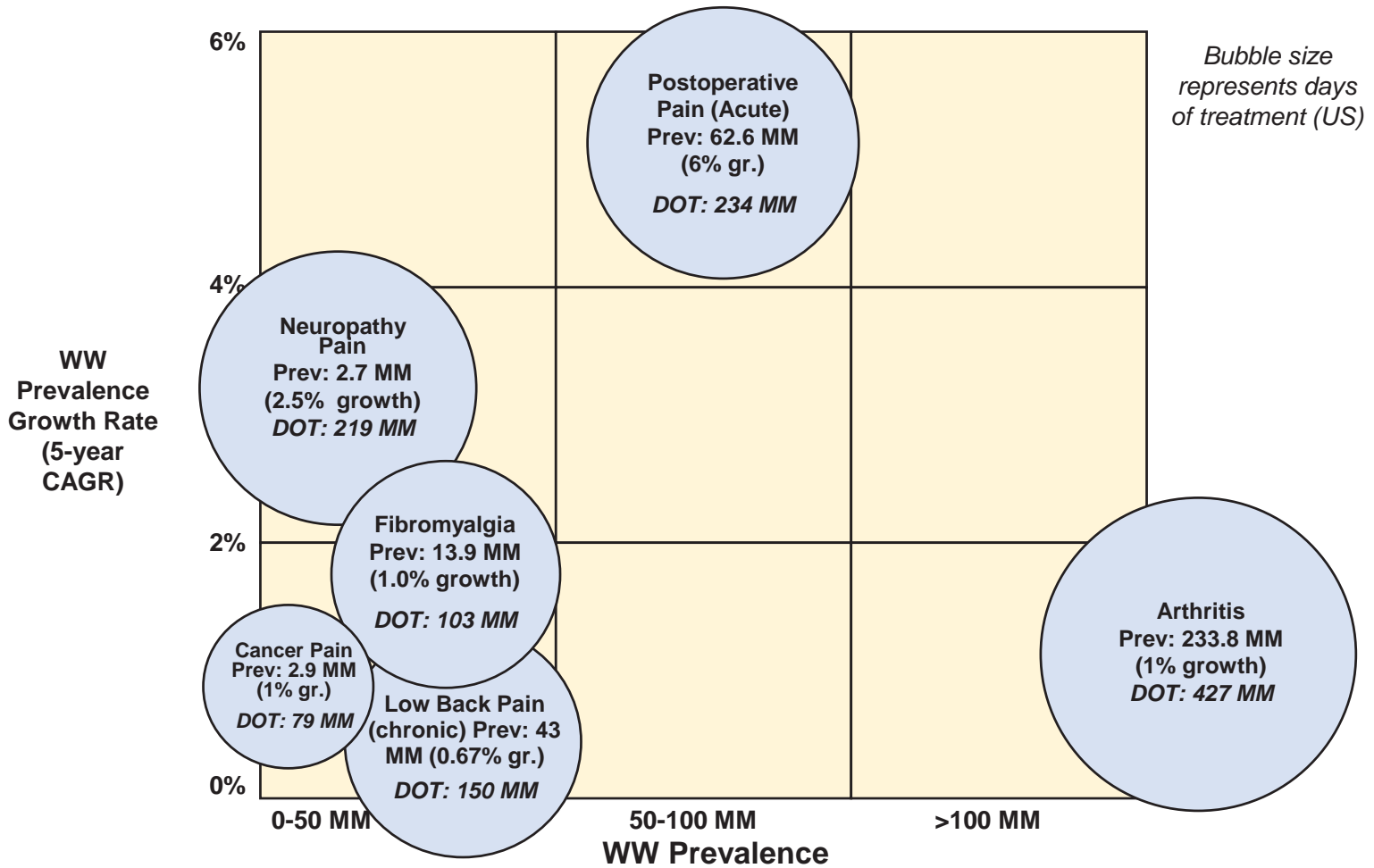
External Feasibility

Regulatory Pathway

### Priority Disease Segments [6]

- **Arthritis (Rheumatoid & Osteoarthritis)** - *inflammatory*
- **Cancer Pain** - *nociceptive / visceral*
- **Fibromyalgia** - *musculoskeletal*
- **Low Back Pain (chronic)** - *musculoskeletal*
- **Neuropathy Pain** - *neuropathic*
- **Postoperative Pain (acute)** - *nociceptive*

**Focus for Pain and Inflammation Franchise Plan**

**PAIN AND INFLAMMATION FRANCHISE - External Assessment****P - SM/RD****Patient Potential, G7 (1999)**

Prevalence numbers adjusted for 1999 using each condition's CAGR; Fibromyalgia Prevalence= 2% of G7 population; Arthritis is sum of Osteoarthritis and Rheumatoid Arthritis prevalences;

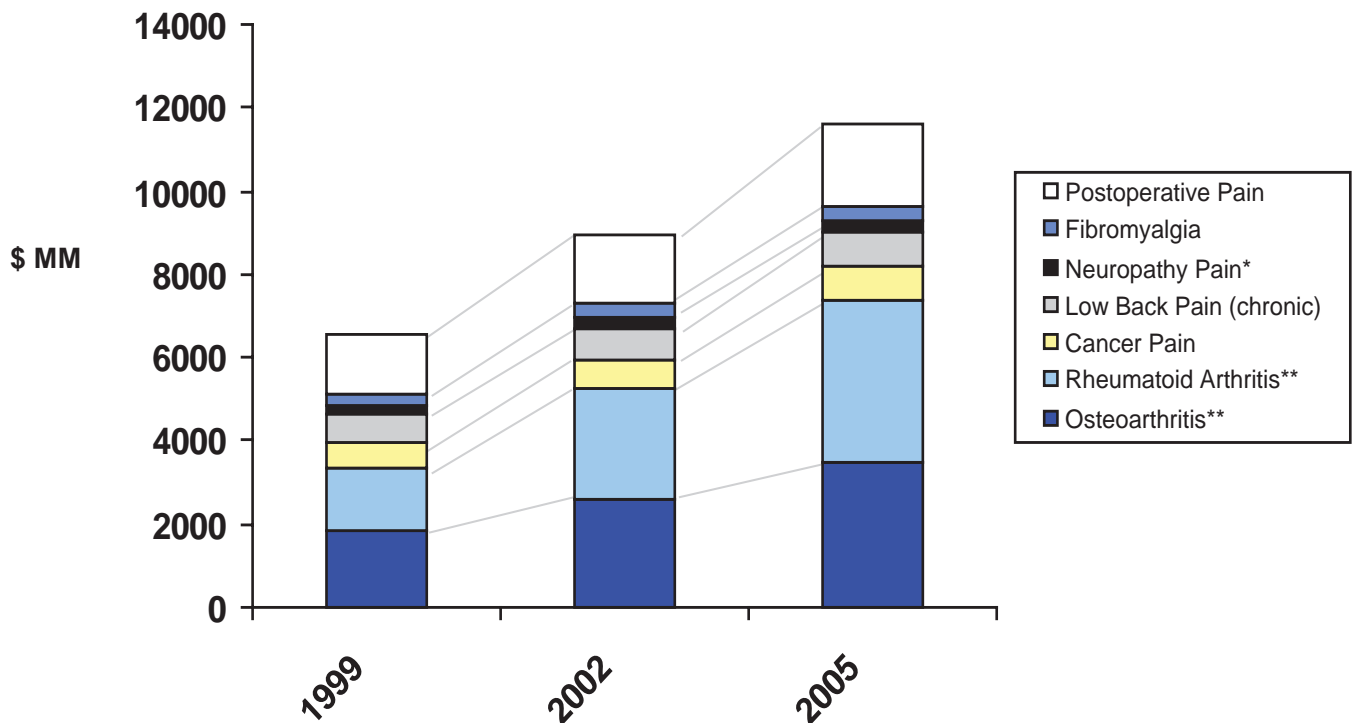
Neuropathy Pain: Diabetic Neuropathy, Post-Herpetic neuralgia, Trigeminal Neuralgia. Sources: Decision Resources Reports 1998; Datamonitor 1999; Scrip 2000; Plan A

## Market Size and Growth

***PAIN AND INFLAMMATION FRANCHISE - External Assessment*****P - SM**

**The Pain and Inflammation priority disease areas will experience healthy growth through the 2005 driven by arthritis**

**Projected G7 Sales by Priority Pain and Inflammation Condition**



\* Neuropathy Pain: includes only Diabetic Neuropathy Pain, Post-Herpetic Neuralgia and Trigeminal Pain; Sales are primarily TCA and Carbamazepine & exclude off-label Gabapentin

\*\*Arthritis was divided into Osteoarthritis and Rheumatoid Arthritis to avoid double counting of some drug classes  
Source: Decision Resources Reports 1998, 1999, J&J Marketing Services



**PAIN AND INFLAMMATION FRANCHISE - External Assessment****P - SM**

**Key unmet needs reflect side effects associated with opioids and NSAIDs as well as the lack of efficacious products for neuropathy pain**

| <b>Disease</b>                    | <b>Key benefits of existing therapy</b>  | <b>Degree of Unmet Need</b> | <b>Unmet Needs</b>  |
|-----------------------------------|--|-----------------------------|---|
| <b>Arthritis</b>                  | <ul style="list-style-type: none"> <li>• New COX-2 inhibitors potentially offer fewer side effects than traditional NSAIDs</li> </ul>                                    | <b>M</b>                    | <ul style="list-style-type: none"> <li>• Disease modifying therapies needed to halt / reverse progression of joint degradation</li> </ul>   |
| <b>Cancer Pain</b>                | <ul style="list-style-type: none"> <li>• Up to 90% of patients could be adequately treated w/ existing therapies, but 50% are not due to under-use of opioids</li> </ul> | <b>M</b>                    | <ul style="list-style-type: none"> <li>• Analgesic agents with efficacy of opioids without the associated side effects and stigma; in addition to multiple routes of easy administration for strong analgesics</li> </ul> |
| <b>Fibromyalgia</b>               | <ul style="list-style-type: none"> <li>• Therapies not effective due largely to uncertain etiology</li> </ul>  | <b>H</b>                    | <ul style="list-style-type: none"> <li>• Powerful pain relievers with efficacy of opioids without sedation or other side effects</li> </ul>   |
| <b>Low Back Pain (Chronic)</b>    | <ul style="list-style-type: none"> <li>• Existing treatments are successful in 50% of patients and focus on NSAID use</li> </ul>   | <b>M / H</b>                | <ul style="list-style-type: none"> <li>• Anti-inflammatory and analgesic therapies that can be taken at high doses for long periods without GI, renal side effects, or addiction potential</li> </ul>                     |
| <b>Neuropathy Pain</b>            | <ul style="list-style-type: none"> <li>• Multiple therapies used: analgesics, anticonvulsants, antidepressants, with failure rate still at 60% percent</li> </ul>        | <b>H</b>                    | <ul style="list-style-type: none"> <li>• Therapies that reverse nerve damage as well as effective analgesic therapies that block neuropathic pain without dulling normal nociceptive pain perception</li> </ul>           |
| <b>Postoperative Pain (Acute)</b> | <ul style="list-style-type: none"> <li>• Local anesthetics are effective when opioids are poor option in elderly / pediatrics</li> </ul>                                 | <b>M</b>                    | <ul style="list-style-type: none"> <li>• Rapid, effective, and safe patient controlled analgesia, which can be used in multiple settings</li> </ul>   |

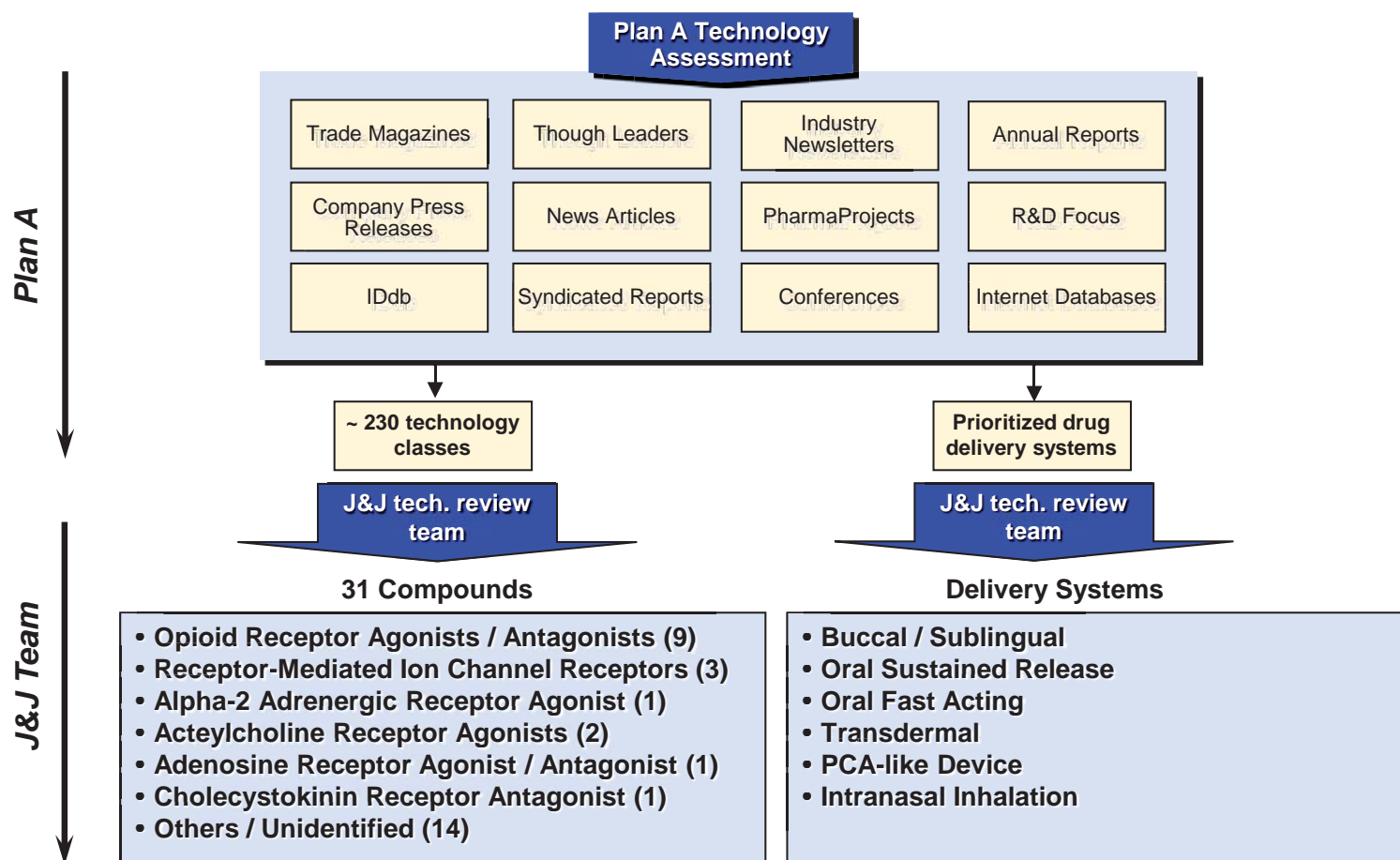
**PAIN AND INFLAMMATION FRANCHISE - External Assessment****P - SM****Top 3 Pain and Inflammation Competitors**

|  | 1999 G7 Sales<br>(% Mkt share)* | Primary<br>Focus  | Marketed & Cmpds $\geq$ Ph III in Priority<br>Diseases (bold = marketed)  | Potential to Lead in<br>Future  |
|--|---------------------------------|---|---|---|
| <b>1. Pharmacia Corporation</b>  | \$1.7 Bn<br>(14%)               | <ul style="list-style-type: none"> <li>• <b>COX-2 inhibitors</b> for the treatment of pain and arthritis</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Celebrex</b>- OA and adult RA</li> <li>• <b>Arthrotec</b>- OA and RA</li> <li>• <b>Daypro</b>- OA and RA</li> <li>• Parecoxib- management of acute pain, primarily in the hospital setting</li> <li>• Valdecoxib- pain and arthritis</li> </ul>   | <ul style="list-style-type: none"> <li>• Merger provides sales-force scale</li> <li>• Celebrex expected to lose market share to Vioxx in 2000</li> <li>• Two new COX-2s near launch will sustain Pharmacia as a leader in COX-2 market</li> </ul>   |
| <b>2. Merck</b>  | \$ 1.5 Bn<br>(2000E)            | <ul style="list-style-type: none"> <li>• <b>COX-2 Inhibitors</b> for the treatment of pain and inflammation</li> </ul>  | <ul style="list-style-type: none"> <li>• <b>Vioxx</b> for OA, acute pain in adults &amp; dysmenorrhea</li> <li>• COX-2 in Ph. III (expected to file in 1Q01)</li> </ul>   | <ul style="list-style-type: none"> <li>• Vioxx expected to reach \$1.5 Bn sales by end of 2000</li> <li>• Promising enhanced COX-2 inhibitor in Ph.III</li> </ul>   |
| <b>4. Purdue Frederick (Mundi/Napp)</b>  | \$825 MM<br>(6.8%)              | <ul style="list-style-type: none"> <li>• <b>OxyContin</b> is main sales driver</li> <li>• <b>MS Contin</b> and <b>OxyContin</b> drive 80% of sales</li> </ul> | <ul style="list-style-type: none"> <li>• <b>OxyContin</b>- moderate to severe pain when opioid analgesic is appropriate</li> <li>• <b>MS Contin</b>- moderate to severe pain</li> <li>• <b>Diacerein</b>- OA</li> <li>• <b>Levobupivacaine</b>- pain, anesthesia</li> <li>• Palladone (SR Hydromorphone) <i>pending launch</i></li> <li>• S 8115- Cancer pain</li> <li>• S 8117- Cancer pain</li> <li>• Buprenorphine patch in Ph. III</li> </ul>                         | <ul style="list-style-type: none"> <li>• Focus is on applying controlled-release technologies to existing products</li> <li>• Likely to become market leader in opioids with controlled-release hydromorphone and Tramadol (in pipeline)</li> <li>• Buprenorphine patch expected to challenge Durogesic and Ultram</li> </ul> |
| <b>3. Johnson &amp; Johnson</b>  | \$1.3 Bn<br>(11%)               | <ul style="list-style-type: none"> <li>• <b>Ultram</b> and <b>Durogesic</b> drive 80% of franchise sales</li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Durogesic</b>- <b>US</b>: all types of chronic pain, <b>EU</b>: cancer and chronic pain</li> <li>• <b>Ultram</b>- moderate to moderately-severe acute and chronic pain</li> <li>• <b>Remicade</b>- rheumatoid arthritis (US only)</li> <li>• Durogesic Matrix Patch- chronic pain</li> <li>• Durogesic 12.5- chronic pain</li> <li>• Ultracet- acute and chronic pain</li> <li>• Ultram SR- acute and chronic pain</li> </ul> | <ul style="list-style-type: none"> <li>• J&amp;J facing patent expiration for Ultram and Durogesic</li> <li>• J&amp;J market presence can only be maintained by a strong and innovative / differentiated pipeline</li> <li>• Investment is needed in order to maintain present market share and fuel growth</li> </ul>        |
| <b>Other Key Competitors:</b><br><b>5. Novartis:</b> \$530 MM driven primarily by Voltaren, COX-189 entering Ph.III in 2Q00<br><b>Boehringer Ingelheim:</b> Mobic recently approved in US as alternative to COX-2 inhibitors; owns Roxane which focuses on opioids (Roxicodone and Oramorph SR currently marketed) |                                 |   |   |   |

\* Based on \$12B market value for opioids analgesics and NSAIDs in G7  
 Sources: Sergeant Data, IMS 1999, Adis Database

***Analgesia - Technology Assessment*****P - RD**

A J&J team recently assessed the results of the Plan A technology assessment, resulting in 31 compounds and 6 delivery systems / formulations prioritized for further investigation



**PAIN AND INFLAMMATION FRANCHISE - Technology Assessment****P - RD****J&J Franchise Technology Strategic Focus- by disease / technology**

| Analgesia and Inflammation Therapeutic Area |   |
|---|---|
| Technology Categories                       | <div>Arthritis</div> <div>Cancer Pain</div> <div>Fibromyalgia</div> <div>Low Back Pain (chronic)</div> <div>Neuropathy Pain</div> <div>Postop. Pain</div>   |
| J&J Position (Discovery)                    | <div>Existing Priority Classes</div> <ul style="list-style-type: none"> <li>• ICE-Protease</li> <li>• Histamine 3 Agonists</li> <li>• HLA-DM</li> <li>• Bradykinin 2 Antagonists</li> <li>• Delta Opioid Receptor Agonists</li> <li>• Na Channel Blockers</li> <li>• Non-Opioid Analgesic / Anticonvulsant Combo</li> <li>• NK1-3 antagonism +opioids</li> <li>• mGluR antagonism</li> <li>• Anticonvulsants</li> <li>• TNF-alpha</li> <li>• MMP Inhibitors</li> <li>• Cathepsin Inhibitors</li> <li>• IL-5 Synthesis Inhibitors</li> <li>• Phosphodiesterase Inhibitors IV and VII</li> <li>• Nerve Channel Conductors / Blockers</li> <li>• Nicotinimide Antagonists</li> </ul> |
| J&J Position (Licensing)                    | <div>Actively Pursue Further Due Diligence of Following Classes (31 Compounds)*</div> <div> <i>Analgesia only - inflammation technology assessment forthcoming</i> <ul style="list-style-type: none"> <li>• Opioid Receptor Agonists / Antagonists (9)</li> <li>• Receptor-Mediated Ion Channel Receptor (3)</li> <li>• Alpha-2 Adrenergic Receptor Agonist (1)</li> <li>• Acetylcholine Receptor Agonist (2)</li> <li>• Adenosine Receptor Agonist / Antagonist (1)</li> <li>• Cholecystokinin Receptor Antagonist (1)</li> <li>• Others / Unidentified (14)</li> </ul> </div>   |

Note: Discovery stage compounds and early stage L&amp;A candidates can not definitively be assigned to a specific disease area

\*From Plan A technology assessment results after being further evaluated by internal J&amp;J team

## ***PAIN AND INFLAMMATION FRANCHISE - Technology Assessment***

**P - RD**

### **Discovery and Licensing Recommendations**

#### **Discovery**

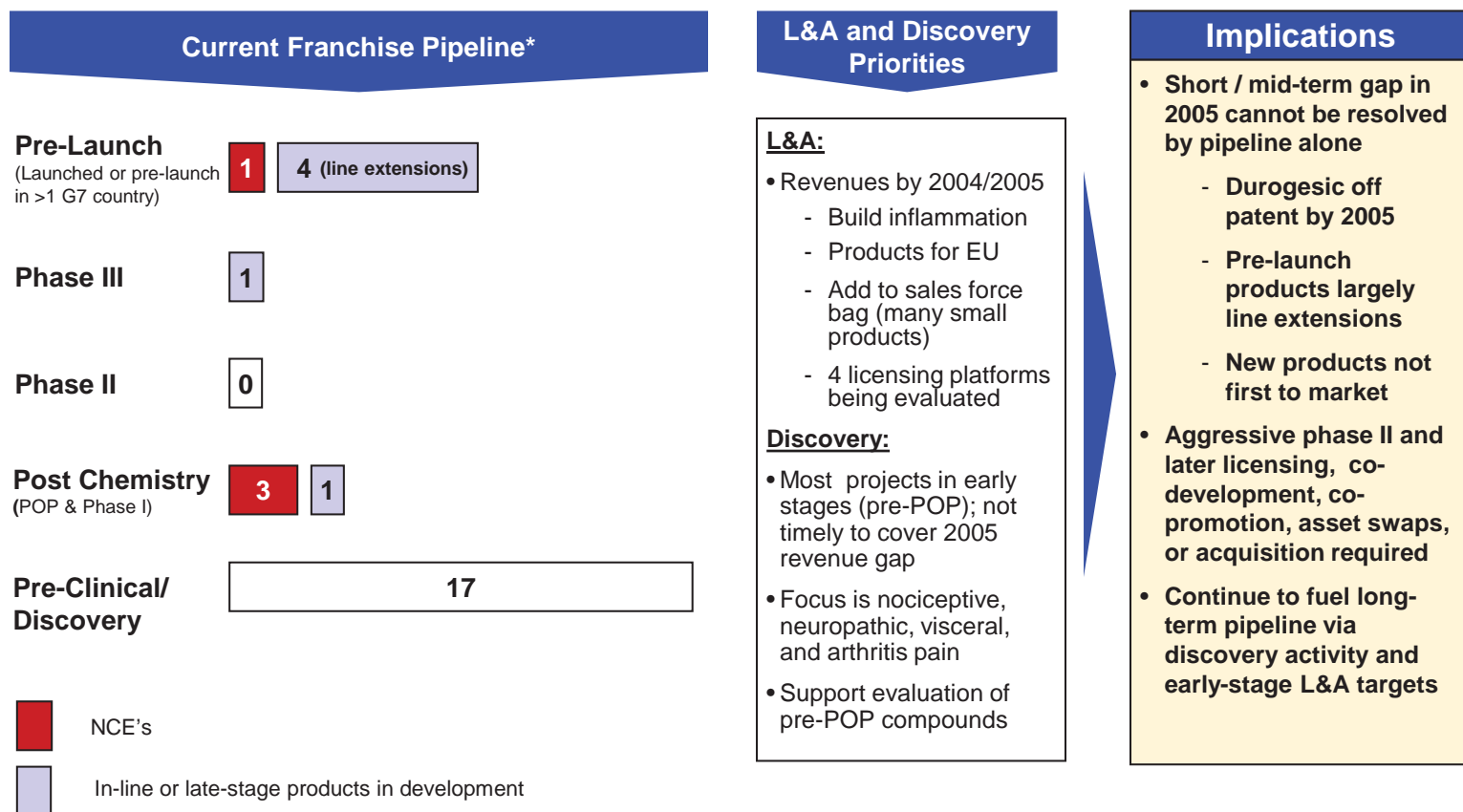
- Move and support key compounds into POP/Phase I
- Improve coordination and communication of Discovery and Licensing efforts throughout J&J - 6 different Discovery teams

#### **Licensing**

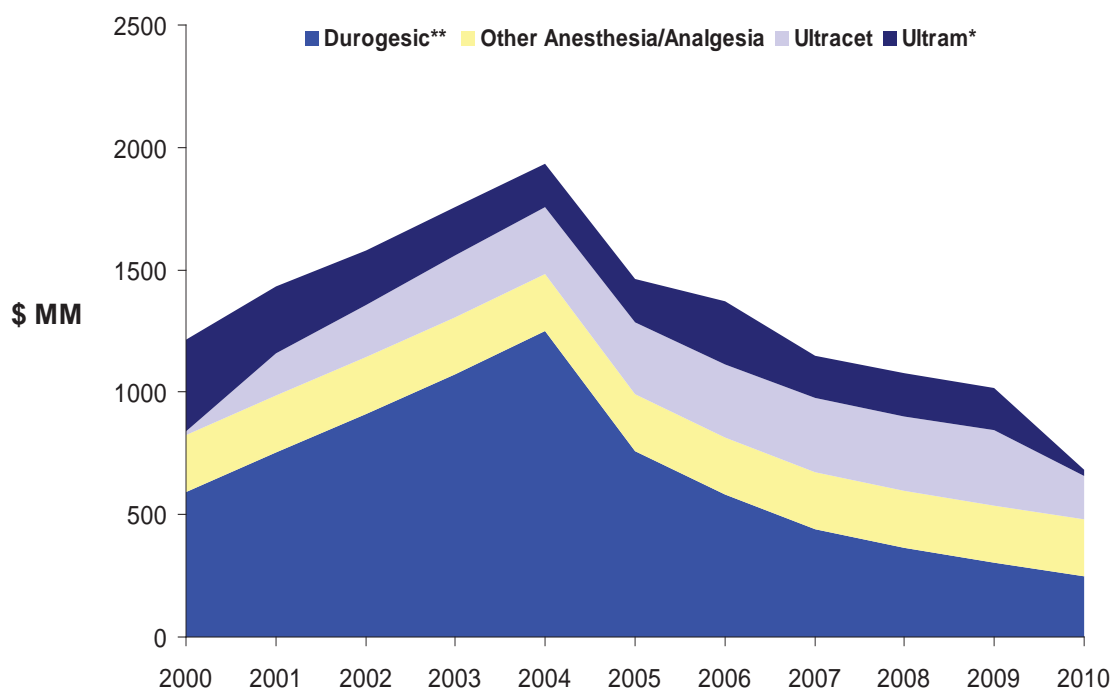
- Pursue co-development of mu opioid analgesics
- Continue evaluation of drug delivery technologies for analgesia
- Evaluate collaboration on the BK1/BK2 antagonists, possibly the only non-peptide BK1 antagonists
- Complete evaluation of Cannabinoid Agonist
- Complete evaluation of human mAb vs. IL-8
- Routine Meetings with Discovery Team leaders and develop a strategy for short, mid, and long-term licensing possibilities, with emphasis on short to mid-term opportunities to fill void. (3 analgesia teams; 3 inflammation / autoimmune teams)
- Continue immuno-inflammatory disease technology assessment (General targets identified; databases shows 600 potential licensing candidates that must be validated and categorized)
- Ongoing update of analgesia technology review

# **PAIN AND INFLAMMATION FRANCHISE - Internal Gap / Opportunity Analysis** **P - RD**

## **Pipeline Balance**



**Pre-launch** (Line extensions: Durogesic 12.5, Durogesic Matrix, Ultram SR, Ultracet Liquid; New products: Ultracet for pediatric and geriatric use; **Phase III** (Durogesic for pediatric use); **Phase II** (0); **Post Chemistry**: Topiramate with Tramadol (Ph.I); P38 inhibitors (POP), NO-NSAIDs (POP), Histamine 3 Antagonists (POP); **Preclinical**: (0); **Discovery**: 17 projects

***PAIN AND INFLAMMATION FRANCHISE - Internal Gap / Opportunity Analysis*****P - SM****Financial Projections and Growth****Franchise 10-Year Revenue & Growth Projections (WW)****Key Financial Gaps & Issues**

- Franchise portfolio limited to only 2 key marketed products - both off patent by 2005
- Sustained revenue growth past 2004 will depend upon successful co-promotion, co-development, quid, or acquisition to provide additional products on market to bridge 2005 revenue gap
- Facilitate long-term revenue growth post-2005 through ongoing discovery and licensing activities

| Revenue | \$1214 | \$1432 | \$1577 | \$1756 | \$1935 | \$1461 | \$1373 | \$1150 | \$1078 | \$1016 | \$686 |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Growth  | N/A    | 18%    | 10%    | 11%    | 10%    | -24%   | -6%    | -16%   | -6%    | -6%    | -33%  |

Source: Portfolio forecasts. \*Ultram includes Ultram &amp; Ultram SR. \*\*Durogesic includes Durogesic, Durogesic 12.5, &amp; Durogesic Matrix

***PAIN AND INFLAMMATION FRANCHISE - Conclusions*****P - SM/RD****External Assessment Conclusions & Critical Issues****Market**

- **COX-2 inhibitors represent largest, fastest growing class in pain and inflammation market**
- **Opioid use increasing due to improved perception by health care policy stakeholders (WHO and NIH)**
- Planning needed for pricing reimbursement issues (3-tier formularies, Medicare Rx coverage, NICE 4th hurdle, EU reimbursement issue with combination formulation)
- Although mature market, still very dissatisfied, thus potential exists to reach dormant / under-treated groups

**Competition**

- **Generic encroachment poses a revenue threat (patent expirations: Ultram, 2000; Durogesic, 2005)**
- **Competition has dedicated selling / marketing resources and commitment to analgesia and inflammation**
- Mergers of “critical mass” pharma companies (e.g Pharmacia Corporation) with significant pipeline and sales force strength in aggregate may present opportunities (deconsolidation of assets) or threats (aggregate strength)
- Increased industry reliance on partnerships requires enhanced business intelligence capabilities

**Unmet Needs**

- **Demand exists for products that offer the efficacy of opioids but do not have the associated side effects or addiction potential**
- **More effective, safe anti-inflammatory agents in multiple formulations**
- Poor efficacy of neuropathy and fibromyalgia pain treatments represents major technological gap

**Technology**

- **“Safer” next-generation COX-2 inhibitors/NSAIDs and “enhanced” opioid-type products in development**
- DMARDs changing treatment paradigm for RA
- Patents may pose barriers to the research of many emerging targets
- New delivery systems for existing molecules can enhance patient acceptance and satisfaction



***PAIN AND INFLAMMATION FRANCHISE - Conclusions*****P - SM/RD****Internal Assessment Critical Issues & Gaps****Financial**

- No backup for Durogesic when patent expires 1Q05US / 3Q05EU
- **Sustained revenue growth past 2004 will depend upon successful co-promotion, co-development, quid, or acquisition to provide additional products on market to bridge 2005 revenue gap**
- Facilitate long-term revenue growth post-2005 through ongoing discovery and licensing activities

**Current Products & Pipeline**

- Durogesic and Ultram generated \$978.5 MM in 1999, and growth will be enhanced as Durogesic is launched in Japan (2001 / 2002)
- Multiple line extension launches in short-run : Ultracet (4Q00), Ultram SR (1Q01), Durogesic 12.5 in U.S. (3Q02) & EU (3Q01), Durogesic Matrix (1Q03) WW
- Launch planned for Topiramate for painful diabetic neuropathy & Remicade for early RA (currently for RA)
- Need broad-based orally available anti-inflammatory agent

**Customers**

- **US sales force views analgesia drugs as second detail (no primary sales force for analgesia in US)**
- **Influence patient demand and reach untreated population via DTC marketing and internet**
- J&J not viewed as a current pain management leader since share of voice is weak in US vs. other analgesia competitors due to critical mass spread over 3 Op. Co's

**Other**

- EU sales and marketing successful in marketing Durogesic, despite lack of market homogeneity
- Relatively weak sales and marketing resources in Japan
- **J&J is well placed in delivery systems but still needs new product technologies**
- J&J's internal resources in discovery and development are fragmented

**PAIN AND INFLAMMATION FRANCHISE - Conclusions & Recommendations****P - SM/RD****Franchise Vision and Strategy Summary****Vision**

- Continue to maximize J&J's legacy as a trusted leader dedicated to the relief of pain and inflammation, by providing continuous improvements in treatment

**Strategic Imperatives****Short (0-5)**

- Secure additional products to generate \$1 Bn in revenues by 2005
- Fuel pipeline to sustain growth post-2005
- Launch Ultracet (US, UK, Canada, A-P, L-A), Durogesic in Japan and line extensions for Durogesic & Ultram
- Launch Topiramate for painful diabetic neuropathy and Remicade for early RA

**Mid (5-10)**

- Assume leadership position in management of pain and inflammation
- Further strengthen sales and marketing in US & EU, and continue to build in Japan
- Market >5 products in US and EU, and 2 in Japan

**Key Strategies**

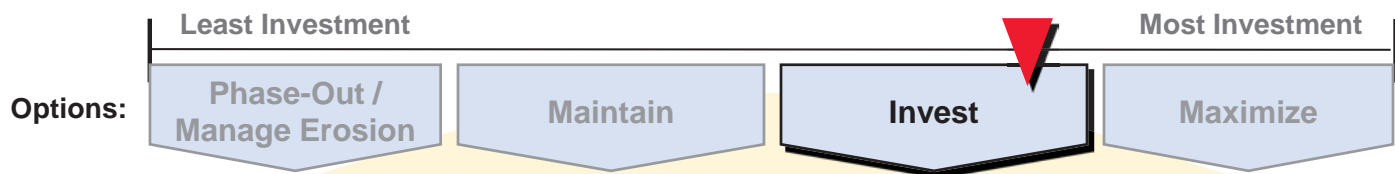
- **Capture Short-term Revenues from Outside to Maintain Growth:** Co-develop, co-promote, acquire
- **Attract In-licensed Products:** Leverage the US and EU market development skills
- **Improve Internal Productivity to Fuel Pipeline:** Double discovery headcount by 2005
- **Accelerate and Expand Adoption of Products:** Improve treatment paradigms, employ DTC / DTP marketing, and strengthen sales force
- **Continue to Enhance Global Brand Equity**
- **Further Reduce Time to Market:** Invest to expedite L&A due diligence, POP transition to development, and cross-Op.Co. product launches
- **Continue to Capture Value of New Technologies:** Protect genomics & monoclonal antibody areas with aggressive patent policy

**Rationale**

- With key products off-patent by 2005, R&D investment (headcount, technology) is needed to fuel pipeline
- Demographic shift to elderly population and rise in ambulatory surgeries increase patient potential
- Unmet needs reflect side effects of opioids and NSAIDs, and poor efficacy for neuropathy pain
- Increased industry reliance on partnerships poses both opportunities and competitive threats

## ***PAIN AND INFLAMMATION FRANCHISE - Conclusions & Recommendations*** **P - SM**

### **Franchise Strategy - Summary Recommendations**



#### **Current Situation**

- The Pain and Inflammation Franchise currently represents a global analgesia franchise focusing on commercialization of Durogesic and Ultram

#### **Top-line Recommendations**

- **Invest in external opportunities to generate revenue for 2005**
  - Acquisition, licensing, co-development, co-promotion, asset swaps
- **Invest in discovery and development resources to fuel pipeline and reduce time to market**
  - Double discovery headcount by 2005
  - Delegate POP responsibilities for licensed analgesia compounds to development
- **Invest in global sales and marketing resources for pain and inflammation**
  - Build US / EU sales and marketing infrastructure for Durogesic and Ultram line extensions
  - Build Japan sales and marketing infrastructure for Durogesic launch
  - Invest \$75-80 MM in Ultracet and Durogesic DTC marketing campaign
- **Assess COX-2 inhibitor investment opportunities with other COX-2 producers**
  - Co-develop non-J&J asset or in combination with J&J asset (Tramadol / COX-2 inhibitor)